POTENTIAL NEW AUTO TARIFFS THREATEN U.S. JOBS AND WILL HURT CONSUMERS

Automobile dealers support President Trump’s goals of modernizing U.S. trade agreements and moving toward freer and fairer trade. For example, NADA supported the U.S.-Mexico-Canada Agreement (USMCA) recently passed by Congress. However, steep new tariffs of up to 25% on imported autos and auto parts would hurt the auto industry and consumers. The administration had previously threatened to impose tariffs pursuant to a Section 232 investigation that found autos and auto parts imports threaten to impair national security, but the November 14 deadline lapsed without action. Nonetheless, President Trump indicated that the administration is still considering imposing auto tariffs. Legal experts disagree on whether the President still retains the legal authority to impose tariffs under Section 232 since the deadline expired. President Trump still has the option, however, to use Section 301 – the same authority he used to impose tariffs on Chinese goods – to impose additional auto tariffs.

These potential new auto tariffs would impact all dealers, since no vehicle in the U.S. is 100% domestically made, and the average vehicle assembled in the U.S. has an international parts content of 40%. According to a study by the Center for Automotive Research, auto and auto parts tariffs would increase vehicle prices by $2,750 on average per vehicle, cause a decline of up to 1.3 million vehicle sales and result in a loss of 367,000 American jobs. Congress must ensure that any new trade initiatives do not unduly increase vehicle prices, stifle demand for new vehicles or jeopardize American jobs.

OVERBROAD RECALL BILL WILL CREATE A CONSUMER TRADE-IN TAX (S. 1971)

Sen. Richard Blumenthal (D-Conn.) introduced S. 1971, legislation that would cripple the used-vehicle market by halting a dealer’s sale, lease, wholesale or loan of used vehicles under any open recall. The bill is overbroad because most recalls do not require the drastic step of grounding. Additionally, the bill would create a “trade-in tax” that would instantly devalue a car buyer’s trade-in by grounding recalled vehicles for minor matters, such as a peeling sticker. Finally, the bill would push recalled vehicles into the unregulated private market, making it more difficult to complete recall repairs. Similar legislation will likely be introduced in the House of Representatives. Congress should oppose overbroad recall legislation and focus on initiatives to improve consumer response to vehicle recall notices and increase recall completion rates.

MODERNIZE THE TRUCK FLEET – REPEAL THE FEDERAL EXCISE TAX ON HEAVY-DUTY TRUCKS (H.R. 2381/S. 1839)

During consideration of an infrastructure bill, Congress should revisit the 12% federal excise tax (FET) imposed on new heavy-duty trucks. On top of the nearly $40,000 in recent federal emissions and fuel-economy mandates, this tax routinely adds $22,000 or more to the price of a new heavy-duty truck. An industry coalition, Modernize the Truck Fleet (MTF), is leading the effort to repeal the 102-year-old FET and identify viable funding alternatives. Reps. Doug LaMalfa (R-Calif.) and Collin Peterson (D-Minn.) introduced H.R. 2381 to repeal the FET. The bill currently has 32 bipartisan cosponsors and was referred to the House Ways and Means Committee. Rep. Chris Pappas (D-N.H.) and 21 other Democrats recently wrote the Ways and Means Committee encouraging the Committee to consider phasing out the FET and replacing it with another-fairer-source of revenue. The Senate companion bill, S. 1839, was introduced by Sen. Cory Gardner (R-Colo.) and was referred to the Senate Finance Committee. Members are urged to cosponsor H.R. 2381/S. 1839 to spur new-truck sales, promote the deployment of cleaner, safer trucks and modernize the truck fleet.